1984 Annual Report

La Caisse centrale Desjardins du Québec

The Caisse Centrale Desjardins is the wholesale financial institution of the Desjardins Group.

Caisse Centrale guarantees and settles payment items drawn on the Desjardins Caisses, manages a major portion of their liquid reserves and provides financing to the various components of the Desjardins Group.

In addition, Caisse Centrale offers financing and other financial services to large and medium size business corporations and to governments and public institutions in Canada.

Its activities extend to the Quebec, Canadian and international financial markets. The Caisse Centrale Desjardins is a direct clearing member of the Canadian Payments Association and a shareholder of Crédit Industriel Desjardins Inc. and of London & Continental Bankers Ltd of London, England.

The Desjardins Group is a financial network made up of some 1,400 savings and credit cooperatives (the Desjardins Caisses), each being affiliated to one of eleven federations which, in turn are affiliated to a confederation. This financial group also includes a number of other financial institutions and corporations. The combined assets of the Desjardins Group exceed $ 22 billion.

The capital stock of the Caisse Centrale Desjardins is held principally by the eleven federations of the Desjardins Caisses.

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Cover:

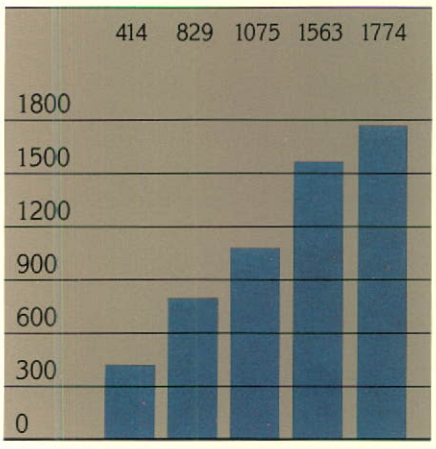
The South Tower of Complexe Desjardins, Montreal, location of the executive offices of the Caisse Centrale

La version française de ce rapport annuel est disponible sur demande

Financial Highlights

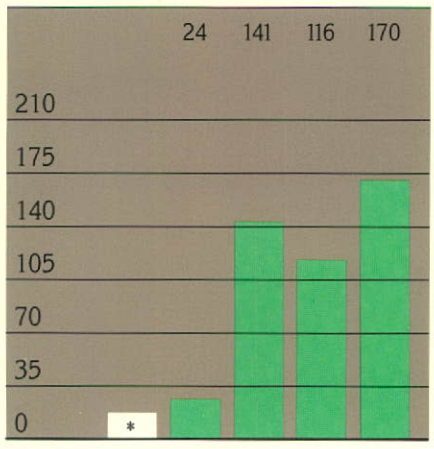
As at December 31	1984	1983	Variation
Total assets	**$1,774,334,488**	$ 1,563,456,596	13.5 %
Loans	**858,335,079**	539,149,985	59.2
Securities	**871,251,939**	943,347,200	(7.6)
Deposits	**1,336,571,676**	1,088,078,782	22.8
Capital and reserves	**413,169,430**	411,559,293	0.4
Total income	**169,806,268**	115,993,714	46.4
Income before remuneration of capital stock	**49,290,558**	48,013,577	2.7

Total assets
(in millions of $)



as at Dec. 31	1980	1981	1982	1983	1984
Average assets	348	567	997	1171	1548

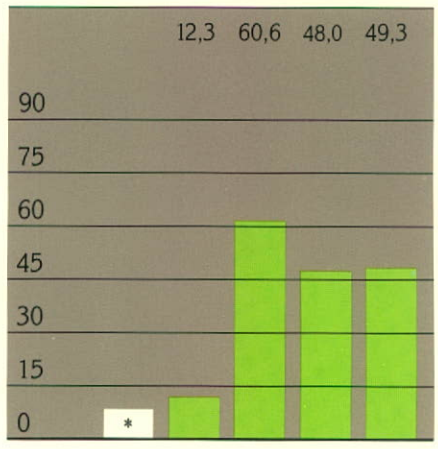
Total income
(in millions of $)



Dec. 31	1980	1981	1982	1983	1984
		(2½ months)			

*See note 1 to the financial statements

Income before remuneration of capital stock
(in millions of $)



Dec. 31	1980	1981	1982	1983	1984

*See note 1 to the financial statements

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Message to Members

At the end of its fifth year, the Caisse Centrale reported continued growth and a substantial increase in business volume. Financial results for 1984 were higher than for the previous year. The financial data presented in this report bears witness to the sustained progress this institution has achieved since its inception.

I would in particular like to note the added dimension that the Caisse Centrale has brought to the Desjardins Group through its complementary role in money management, financing and the development of network services. Indeed, the way in which the Caisse Centrale has fully integrated itself into the Group is in my opinion the most significant and stimulating aspect of its activities.

Money management

The security of any financial institution's deposits depends on its ability to maintain sufficient liquid reserves and to manage these reserves effectively. In the case of independant cooperative institutions, such as the approximately 1400 Desjardins Caisses dedicated to meeting the financial needs of nearly 4 million members, the management of liquid assets is particularly demanding. It is one of the major functions of each Federation to manage a liquidity fund for its affiliated Caisses, and it is no less so for the Caisse Centrale, whose mandate is to manage a pool of additional liquid reserves for the Desjardins Caisses network as a whole. To this end, the Caisse Centrale's policy is to keep in its portfolio at all times at least the equivalent of its total capital stock in first quality negotiable securities.

Interest rate levels and fluctuations cause variations in the total amount obtained on these funds from one year to another. However, real performance can still be measured by taking inflation into account. In this respect, the real performance of the Caisse Centrale's securities portfolio in 1984 was better than for the two previous years and compares favorably to the performance achieved by other funds of the same type.

The Caisse Centrale is responsible for settling the clearing operations of the Desjardins Caisses with the other members of the Canadian Payments Association. Last year, by working closely with the Federations, the Caisse Centrale improved the efficiency of cash management in these operations.

The Caisse Centrale also manages, for the benefit of its member Federations, interest-free Canadian government deposits. In addition, the Caisse Centrale offers fund management services to member Federations on a contractual basis. To date, two Federations are availing themselves of this service.

All of these money management activities combine to produce substantial savings which in turn create improved efficiency and increased profitability in each area of operation, all for the benefit of the Federations and their affiliated Caisses. Another result of these activities has been to establish the Caisse Centrale as a leading investor in Canadian financial markets, particularly the money market. At the same

time, the Caisse Centrale's status in these markets makes it easier to obtain institutional savings and diversify the Desjardins Group's sources of funds.

Financing

The accelerated growth in demand for individual loans and mortgages in some regions has had direct repercussions on the Caisse Centrale. For instance, in the loan portfolio the strongest area of growth in 1984 was in loans to the Federations and institutions of the Desjardins Group. Loans to member Federations tripled over 1983, while the amount loaned to affiliated institutions doubled. Overall, credit granted by the Caisse Centrale to other components of the Desjardins Group now exceeds the deposits it receives from them. The Caisse Centrale has been able to meet the credit needs of Desjardins Federations and institutions because of its ability to obtain funds through the various means at its disposal.

Network services

The Desjardins Group constitutes the largest network of financial institutions in Quebec. Thanks to the computer systems linking the Desjardins Caisses to one another, each Caisse is able to act as a service outlet for the network in the large majority of municipalities throughout the province. Because of this, in recent years the Desjardins Group has been able to develop a series of financial services at the Caisse level designed to meet the needs of government departments and public organizations and institutions.

The Caisse Centrale plays a major role in managing certain services of the Desjardins network, specifically the Group's direct deposit and account collection services. It not only offers these services to its own clients, but also negotiates related agreements on behalf of the Group and performs all relevant centralized functions. In 1984 the Caisse Centrale developed its activities in these areas considerably, as reflected in the number of participating organizations and in the volume and dollar value of operations carried out by the Caisses.

Indeed, the way in which the Caisse Centrale has fully integrated itself into the Group is in my opinion the most significant and stimulating aspect of its activities.

I would also like to note the Caisse Centrale's contribution to the strong penetration achieved by the Desjardins Group in the public institution financing market in Quebec. This contribution is two-fold. First, the Caisse Centrale represents the Group in its negotiations and assumes responsibility for administering the different loans. Second, it participates jointly with the Desjardins Federations and Caisses in financing loans to these institutions.

In the coming year, the Caisse Centrale will introduce complementary services to the lending activities of the Desjardins Group. These new services are designed to establish the Group as a permanent major force in the financing of public institutions.

The overall effect of these services is to reduce the Caisses' operating costs. For example, contracts negotiated by the Caisse Centrale with various organizations regarding direct deposits help to reduce transit costs and the cost of handling cheques from these organizations. The Caisse Centrale's financial services also enable the Federations to optimize management of their cash position and minimize congestion at the local Caisses' wickets during peak periods.

In sum, the Caisse Centrale helps to increase the efficiency and profitability of the services offered by the local Caisses. Put another way, it provides solid support in helping the Caisses fulfill their role as their community's financial centre.

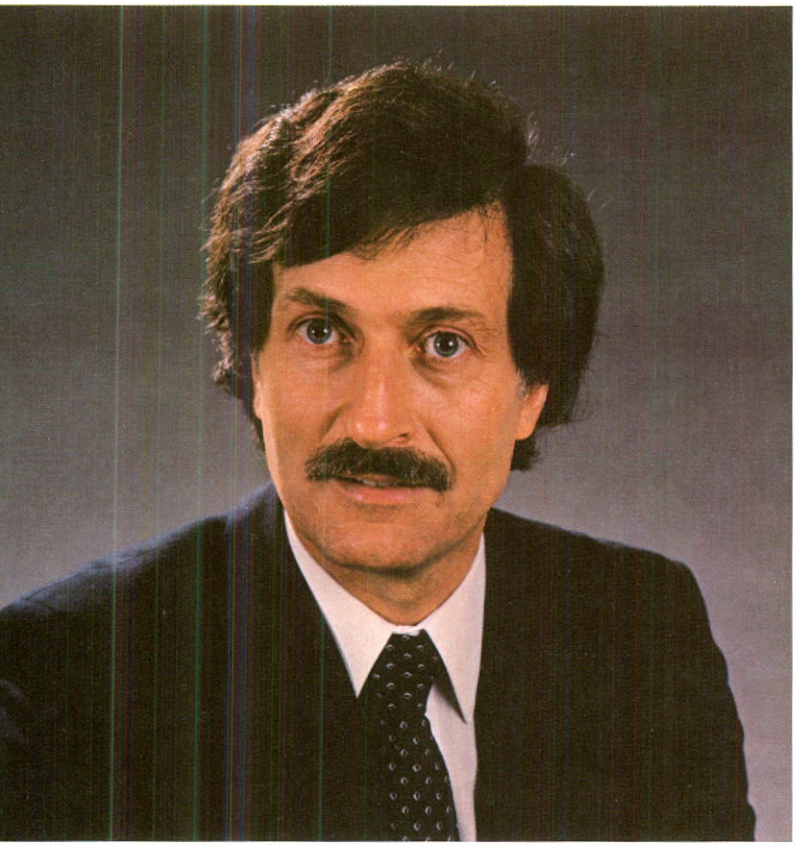
During the year, the Caisse Centrale devoted considerable time and effort to developing new services to be implemented in 1985 which will expand even further the range of financial services currently offered by the Caisses. The ongoing integration of the Caisse Centrale in the Desjardins network places the Group in an excellent position to contend successfully with other financial institutions, despite a climate of increasingly intense competition in the financial services field.

Before concluding I would like to thank Laurent Bisson and Serge Limoges for their valuable service to the Caisse Centrale as members of the Board of Directors. Both resigned from the Board during the year to assume other responsibilities within the Desjardins Group.

Finally, I would like to emphasize that the Caisse Centrale has accomplished a prodigious task this past year. The progress we have achieved, as reflected by our highly satisfactory year-end results, bears witness to the diligence shown by management, the competence of our entire staff and the valuable support of the Board of Directors. Through the quality and consistency of their work and their spirited cooperation with other elements of the Desjardins Group, these individuals have contributed enormously to the success that the Caisse Centrale Desjardins presently enjoys.

Raymond Blais, c.a.
Chairman of the Board
and Chief Executive Officer

Review of Operations



In 1984 the Caisse Centrale experienced strong growth in all areas, as reflected by its financial position and year-end results.

Total assets grew by 13.5% to $1.8 billion in 1984. A 46% jump in business volume generated a record $ 169.8 million in income. Net income from all operations, before remuneration of capital stock, amounted to $49.3 million, versus $48 million in 1983.

A detailed analysis of the year's results is presented in the financial review later on in this report. Overall, the results obtained were in line with the Caisse Centrale's objectives and reflect an improved economic situation in Canada. They also reflect the current changes in the competitive marketplace. The Caisse Centrale's performance in 1984 and its evolution over the past five years have created a strong base for major new developments in the future.

The economic situation

The moderate economic recovery begun in 1983 continued at a sustained pace in 1984. The gross national product increased from 3.3% in 1983 to 4.7% in 1984, thanks to a drop in the annual inflation rate from 5.8% to 4.4%.

Interest rates were relatively stable, at least in comparison with the sharp increases experienced in 1982. Rates began to rise during the first quarter but were eventually contained and in the last quarter returned to their previous level. One result of this was a rise in credit demand by individuals and to a lesser extent businesses.

Growth of treasury and credit operations

The loan portfolio grew 60% in 1984 to $858 million. The Caisse Centrale recorded zero loan losses in 1984, as it has since it began its lending activities in 1981, and there were no non-performing loans outstanding at year-end. Despite this, $1.5 million was set aside in 1984 to cover potential loan losses.

Treasury operations during the year experienced strong growth in Canadian financial markets. Whereas government deposits, which accounted for 43.5% of total deposits at the end of 1983, represented only 16.6% at the end of 1984, the average volume of securities issued on the market rose by 34.1% over 1983, for a total of $799 million. By year-end 88.1% of securities were held outside the Desjardins Group, compared to 68.9% at year-end 1983.

Based on the financial results obtained by the Caisse Centrale in 1984, as well as those of the Desjardins Federations and Caisses, we may expect a higher credit rating for our securities in 1985.

Competition

It is worth noting that the slight rise in credit demand was accompanied by a major increase in financial services being offered on the market, particu-

larly in the area of corporate financing. The resulting stiff competition among financial institutions has narrowed the market spread between the rates paid on deposit funds and the rates charged on loans. In our case, reduced margins were offset by the growth in our volume of operations.

In the future, competition may be expected to intensify even further, regardless of fluctuations in the economy. At the same time, clients will be more demanding. To succeed in this environment, the Caisse Centrale will have to continue exercising strict control over its non-interest expenses while expanding its range of services and maintaining their quality.

Control over costs

Given the Caisse Centrale's approach to its administrative infrastructure and the measures instituted during the year to complement its overall operations, we expect to keep costs under control in 1985.

Since its inception, the Caisse Centrale has taken advantage of the existing infrastructure of the Desjardins Group to meet its needs. This infrastructure enables the Caisse Centrale to avoid duplicating efforts and creating parallel systems that are incompatible with the rest of the Group. By the beginning of 1985, the integration of the Caisse Centrale into the Desjardins computerized system will be completed.

In 1984, the organizational structure of the Caisse Centrale was revised to reflect the growing importance of marketing operations vis-a-vis our other activities. Finally, the budget approved by the Board of Directors provides for only a modest increase in expenses.

Expansion of services

In 1984 we identified a number of needs among our members and clients requiring action. To this end, a variety of new measures, mechanisms and additional services were developed. These will be implemented gradually throughout the coming year.

For example, in the public institutions financing sector, some complementary mechanisms have already been adopted to permit wider penetration of this market, especially with regard to medium- and long-term loans.

In addition, the scope of our money market operations has prompted us to consider expanding into other major money centres in Canada and abroad. In this context, the Caisse Centrale will be taking the necessary steps in 1985 to handle some of its treasury operations from Toronto. Expansion into other markets will also be studied and acted upon during the year.

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International operations

The Caisse Centrale is already operating in international financial markets and expects to develop its activities in this area in the coming years. Through its equity participation in London & Continental Bankers of London, England, the Caisse Centrale has already been involved in some transactions in Europe. But in general our international operations have been fairly minimal thus far because we have concentrated initially on penetrating the Canadian market and because a number of legal and tax-related provisions still limit our possibilities abroad.

We will continue to work towards eliminating these obstacles in 1985, while at the same time developing our business relations in Europe and establishing a network of correspondents. We are not presently contemplating loans to foreign governments. Our policy is rather to expand our sources of funds in foreign currencies to meet the needs of our members and Canadian clients.

In 1984 we completed five years of existence. The growth achieved by the Caisse Centrale and its excellent performance during this period are a direct reflection of a sustained effort by the members of the Board of Directors, the management and all of the staff who have been with us from the beginning. Of all their qualities, I personally treasure most their creativity and capacity for adapting quickly to changing conditions. It is these qualities that remain the best guarantee of the continued success of our institution.

Bruno Riverin
President and Chief Operating Officer

Funding Operations

Funding operations of the Caisse Centrale on financial markets increased an average of 34% in 1984. Above: Trading personnel at work in the Treasury and Investment Department.

The Caisse Centrale finances its operations by obtaining funds from financial institutions, governments and businesses.

These funds are collected through deposits or by issuing debt securities (bearer discount notes and certificates of deposit) on Canadian and international financial markets. Funding operations are managed by the Treasury and Investment Department, which combines borrowing and investment activities in these markets, particularly the money market.

Tight coordination of treasury and corporate financing operations is one of the Caisse Centrale's most distinctive features. Opposite: **Jean Laflamme,** Senior Vice-President, Finance and Systems, who is responsible for this coordination at the executive level.

The Caisse Centrale deals with a large number of institutional investors of different categories operating in Canada's financial centres. Through this extensive market coverage, the Caisse Centrale is able to diversify its sources of funds. The Caisse Centrale's credit rating and the efficiency and professionalism with which it operates in these markets has resulted in a number of successful major funding programs. As at December 31, 1984, the Caisse Centrale had at its disposal $1.1 billion obtained from sources outside the Desjardins Group.

A team of experienced professionals handles daily treasury operations and is responsible for providing quality services to clients. By posting daily rates and honoring its bids, the Caisse Centrale is viewed as a reliable issuer which respects its commitments, despite constantly changing market conditions. The variety and flexibility of the terms it offers permit the Caisse Centrale to satisfy the specific needs of a large number of investors.

The quality of the various securities offered by the Caisse Centrale to institutional investors is subject to continuous analysis by the two major recognized Canadian credit agencies. Credit rating is established on the basis of results obtained, not only by the Caisse Centrale but also by the 1400 Desjardins Caisses and their 11 Federations, to which the Caisse Centrale is affiliated.

Another distinctive characteristic of the Caisse Centrale's treasury services is the way in which they are integrated with the institution's other services. For example, clients using our corporate financing services have direct access to our traders, from whom they can obtain advice and precise, instant information on market conditions. This service is available to clients wishing to obtain financing based on our cost of funds plus a predetermined percentage.

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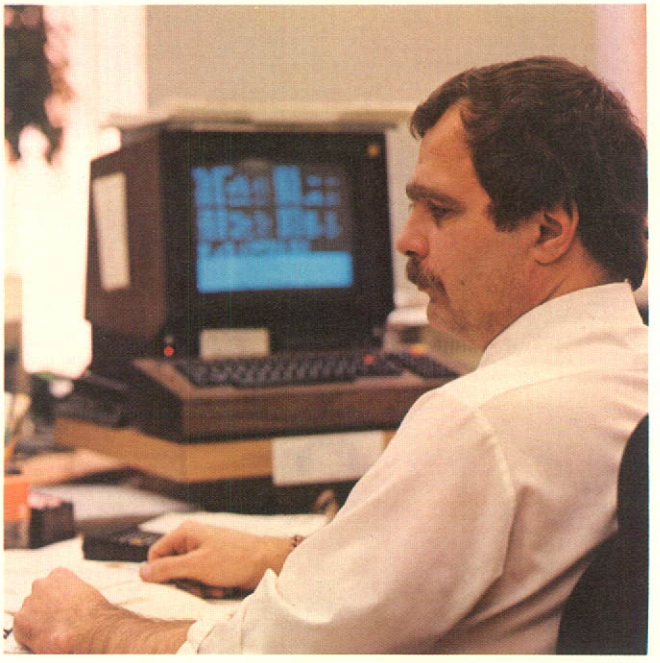
Alfred Pfeiffer, Assistant Manager, Treasury, and Chief Trader



Lending Operations

Development of the petrochemical industry requires substantial investments. The Caisse Centrale participates with other financial institutions in financing investments and operations in this sector. Opposite: A Polysar employee at the Styrene II unit in the company's Sarnia, Ontario complex. Polysar Limited, the world's largest producer of synthetic rubber and latex, plays a major role in the petrochemical industry in Canada.

Corporate and institutional financing operations accounted for 45% of the Caisse Centrale's business volume in 1984. Opposite: **Jean Longpré,** Assistant Vice-President, Corporate Financing, is responsible for marketing and loan syndication in the corporate financing sector.

The Caisse Centrale maintains a personalized approach to the services it provides, since this corresponds best to the needs of its members and clients.

In addition to being responsible for meeting the financial needs of its members and affiliated institutions of the Desjardins Group, the Caisse Centrale offers a variety of other financing services to public institutions and private corporations.

In the public sector, the Caisse Centrale acts in concert with the Desjardins Federations and local Caisses to grant loans when the amounts required by borrowers exceed available funds of the Federations and Caisses. In this case, the Corporate Financing Department acts as the representative of the Caisse Centrale's partners in negotiating financing terms with a given borrower. Should the borrower so desire, the Caisse Centrale will also assume responsibility for administering the loans on behalf of the group.

In the private sector, the Caisse Centrale also plays a complementary role within the Desjardins Group. Its services are offered solely to medium and large Canadian corporations with high quality credit. Credit policy sets limits on concentration, per borrower and per sector, to ensure maximum diversification of risk in Canada. In practice, the Caisse Centrale limits its loans to individual clients to a maximum of 10% of its capital and reserves. All financing by the Caisse Centrale is done in participation with other financial institutions.

Since its inception the Caisse Centrale has played an active role in financing agribusiness. This sector of the economy is developing on a major scale in Canada, and uses state-of-the-art technology in its manufacturing operations. Opposite: Employees of Agropur cooperative agro-alimentaire operates equipment used to make cheddar at the company's cheese plant in Notre-Dame-du-Bon-Conseil, Quebec.

The Caisse Centrale participates in investment financing in the forestry and wood product sector. Opposite: REXFOR employees unloading wood at Outardes Sawmill in Baie Comeau, Quebec. REXFOR is a Crown Corporation engaged in forestry operations and development in Quebec.

The Caisse Centrale maintains a personalized approach to the services it provides, since this corresponds best to the needs of its members and clients. In essence, our approach is to ensure easy use of the services we offer while adapting them to the specific needs of those who use them. Funds may be advanced, in whole or in part, in the form of demand loans at the prime rate, or term loans at the cost of funds plus a negotiated percentage.

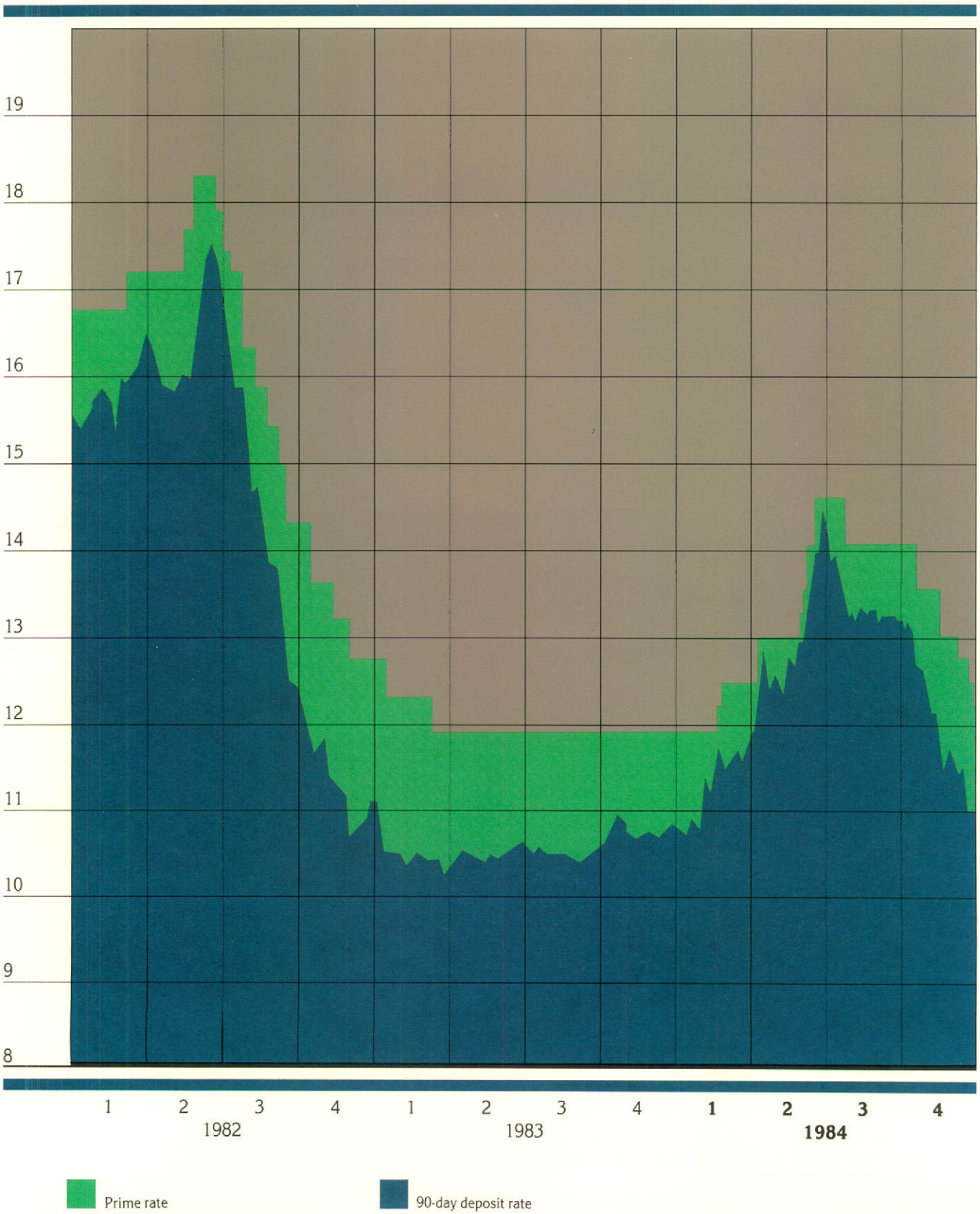
In the case of short-term loans, clients are given very wide latitude in choosing the term of the loan most convenient for them, since funds are generally available on the market to permit such arrangements. For longer periods, terms available to clients depend on market conditions, but because of the Caisse Centrale's position in the market, client needs can be met in most cases.

The integration of the Caisse Centrale within the Desjardins Group, enables it to serve its clients in all regions covered by the Desjardins network. For example, Purdel, a major agribusiness cooperative based in the lower St. Lawrence region of Quebec, has for several years used our financing services in Montreal. It also does business with the local Caisse Populaire in Bic, where its head office is located. Since the local Caisse in Bic is, through its Federation, linked to the Caisse Centrale, it can satisfy all of Purdel's financial requirements.

The integration of the Caisse Centrale within the Desjardins Group, enables it to serve its clients in all regions covered by the Desjardins network.

The natural resources sector is one of Canada's most important economic sectors. Noranda Inc. is a major corporation engaged in developing and exploiting the nation's natural resources. Above: Miners at work for Noranda's subsidiary, Brunswick Mining & Smelting, Bathurst, N.B.

The Caisse Centrale's prime rate
90-day deposit rate



Network Operations

The Desjardins Group is the largest network of financial institutions in Quebec. Since 1984 this network has extended from New Brunswick to Manitoba through the affiliation of the Federations of Caisses Populaires of New Brunswick, Ontario and Manitoba with the Caisse Centrale. Thanks to the computer systems linking the Caisses with one another, they are able to operate effectively as a network providing financial services to a large number of people spread over a vast territory. At year-end 1984, the Desjardins network had 1769 service outlets, with a total Caisse membership of nearly 4 million people.

The Caisse Centrale administers the direct deposit and computerized account collection services of the Desjardins network. The Operations Department of the Caisse Centrale manages the centralized operations required to provide these services on a global basis. Such services permit government departments and public utilities who have accounts with the Caisse Centrale to consolidate a major part of their payment and account collection operations in all regions covered by the network. The reduction in transit costs together with the information made available to them by the Caisse Centrale, enables these large organizations to manage their cash position more efficiently.

Both of these services grew substantially in 1984 in terms of the volume and dollar value of the operations handled by the Desjardins Caisses as the tables opposite show.

...services permit government departments and public utilities who have accounts with the Caisse Centrale to consolidate a major part of their payment and account collection operations in all regions covered by the network.

Direct Deposit Services

Transactions	**1984**	1983	Increase
Volume	**10,065,907**	7,783,174	29,3 %
Value	**$ 3,613,791,491**	$ 2,224,339,592	62,5

Source: La Confédération des caisses populaires et d'économie Desjardins du Québec.

Computerized Account Collection Services

Transactions	**1984**	1983	Increase
Volume	**6,753,601**	5,182,407	30 %
Value	**$ 1,080,534,273**	$ 603,281,007	79

Source: La Confédération des caisses populaires et d'économie Desjardins du Québec.

Financial Review

The following summary is intended to facilitate understanding of the Caisse Centrale's financial position and the results obtained for the year, as shown in the financial statements.

The large securities portfolio is composed mainly of money market securities. This enables the Caisse Centrale to ensure a major portion of the liquidity of the Desjardins Caisses, while maintaining sufficient liquid reserves for its own operations.

The Caisse Centrale was created to serve as a wholesale financial institution. It does not accept deposits from individuals. To finance its operations the Caisse Centrale seeks funds on financial markets by accepting deposits from institutions and companies and issuing debt securities. These securities rank pari passu with deposits, and are recorded as deposits in the financial statements.

The level of revenues of the Caisse Centrale is affected by its asset mix as follows. The amount of income produced by liquid investments is largely a result of interest rate levels and fluctuations over the year, while income from other operations depends on both the volume of business and the margin between the rates at which the Caisse Centrale obtains funds and those at which it loans them out.

Financial Position

Total assets grew by 13.5 % in 1984, reaching $ 1.8 billion at year-end. This growth was principally due to a jump of some 60 % in loans, bringing the total to $ 858 million. The securities portfolio declined by 7.6 %, from $ 943 million at the end of 1983 to $ 871 million, reflecting a change in the mix of assets. (Figure 1)

The growth of the Caisse Centrale's operations in 1984 is shown clearly by the way in which the average volume of assets as a whole, and certain assets in particular, have changed. Average total assets rose by 32 %, from $ 1.2 billion to $ 1.5 billion. Loans recorded an average increase of about 69 % over last year, while the average securities volume was up 18 %.

Loans to members and affiliated Desjardins institutions showed the strongest growth, jumping 157% from $114 million in 1983 to $293 million in 1984. Loans outstanding to the public sector rose 44% to $210 million. Loans to the private sector stood at $355 million by year-end, an increase of 27% over 1983. Though credit demand by medium and large corporations grew only slightly in 1984, the Caisse Centrale continued to increase its share of the Canadian market in this sector by maintaining its policy of granting credit only to first quality clients.

The growth in assets was financed primarily by an increase in deposits. Deposit liabilities exceeded $ 1.3 billion at year-end, an increase of 22.8 %. (Figure 2) The variation in payable demand deposits is a result of changes made by the Government of Canada during the year in managing its deposits with financial institutions. The average volume of deposits for 1984 was $ 1.1 billion.

Figure 1
Total assets
(in millions of $)

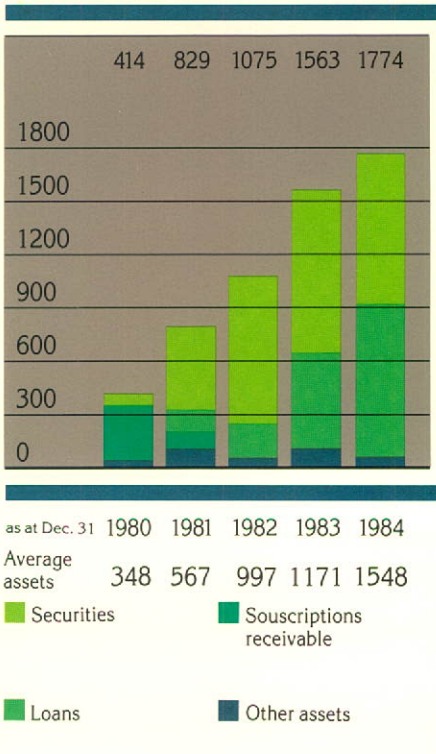
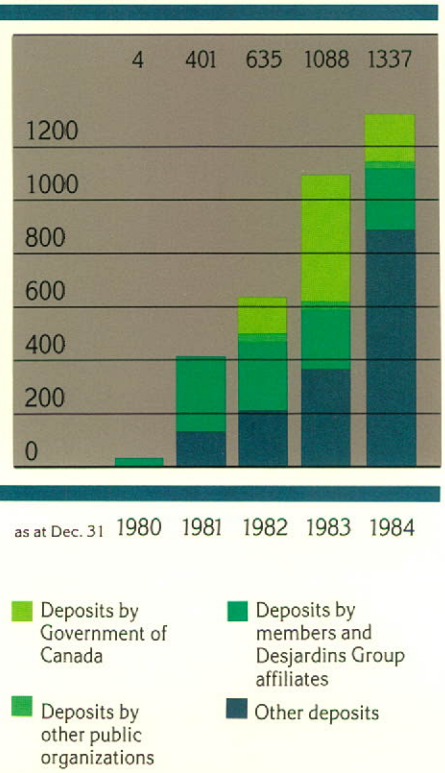


Figure 2
Deposits at year end
(in millions of $)



Capital stock and reserves amounted to $ 413 million at year-end. While capital stock remained stable at $ 409 million, the general reserve rose to $ 3.8 million following a transfer of $ 1.6 million from retained earnings. Financial leverage, the ratio of total assets to members' equity, is up slightly from 3.80 to 4.29. (Figure 3) The ratio is still very low, however, when compared to levels reached by the banks and to the maximum ratio of 20 stipulated in the Caisse Centrale's constituting Act.

Results of Operations

Total income for the year reached a record level of $ 169.8 million, representing a 46 % increase in business volume over 1983. The increase was due mainly to income from loans, which almost doubled from $ 38 million to $ 75.6 million. Income from securities rose 20.8 % to $ 92.1 million, while income from other operations increased 17.8 % to $2.1 million. (Figure 4)

Corporate and institutional financing activities contribued 44.6 % of the total income, compared to 32.8 % in 1983. Securities operations generated 54.2 % of the total income (versus 65.7 % in 1983), with income from other operations making up the remaining 1.2 %.

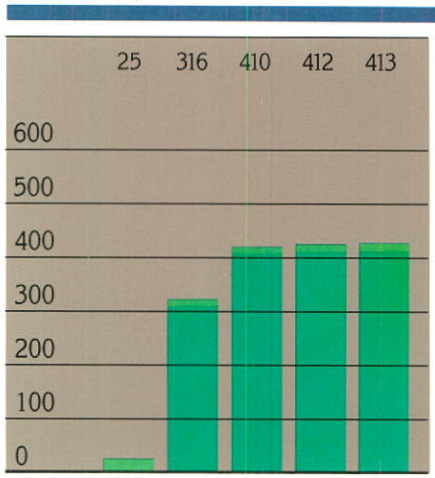
In 1984, after deducting interest and other costs and taking into account the provision for loan losses, income before remuneration of capital stock amounted to $ 49.3 million, compared to $ 48 million for 1983. (Figure 5) Non-interest expenses, including salaries and employee benefits, furniture and occupancy costs, and miscellaneous operating expenses, were kept below $ 7 million representing 0.46 % of average total assets, slightly higher than the previous year's 0.41 %. The provision for potential losses on loans amounted to $ 1.5 million, in addition to the $ 0.2 million set aside in 1983. The Caisse Centrale recorded zero loss on loans in 1984, and at year-end there were no non-produtive loans outstanding.

A total of $ 47.3 million was earmarked for remuneration of capital stock and other payments to members, a slight increase (1.6 %) over the $ 46.6 million disbursed in 1983. Remuneration of capital stock consists of declared interest on shares amounting to $ 45.8 million, for an annualized yield of 11.74 % on invested capital, compared to 11.85 % in 1983. After accounting for inflation, however, the real return in 1984 was greater than that of the previous year.

Other payments to members include fees paid to members and Desjardins Caisses for their participation in the service network administered by the Caisse Centrale on behalf of the Desjardins Group. These payments amounted to $ 1.5 million, compared to $ 0.5 million for 1983.

After remuneration of capital stock, other payments to members and provision for income taxes and loan losses, the Caisse Centrale achieved a net income of $ 1.6 million, a jump of 36 % over the $ 1.2 million earned in 1983. The full amount of retained earnings was tranferred to the general reserve as a provision for contingencies.

Figure 3
Capital and reserve
(in millions of $)



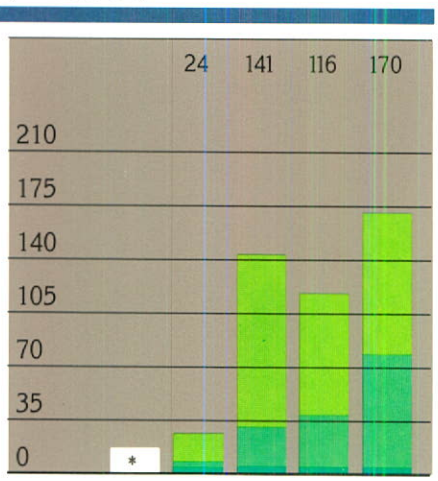
as at Dec. 31	1980	1981	1982	1983	1984
Financial leverage*	1.01:1	2.03:1	2.62:1	3.80:1	4.29:1

Total assets/members' equity

Retained earnings and reserve

Paid-up capital

Figure 4
Total income
(in millions of $)



Dec. 31	1980	1981	1982	1983	1984
		(2½ months)			

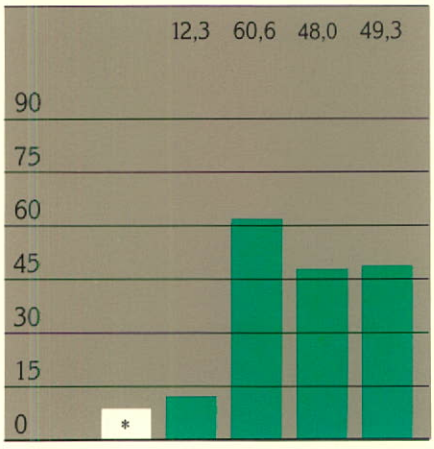
*See note 1 to the financial statements

Income from securities

Other income

Income from loans

Figure 5
Income before remuneration of capital stock
(in millions of $)



*See note 1 to the financial statements

Figure 6
Composition of the securities portfolio
(in millions of $)

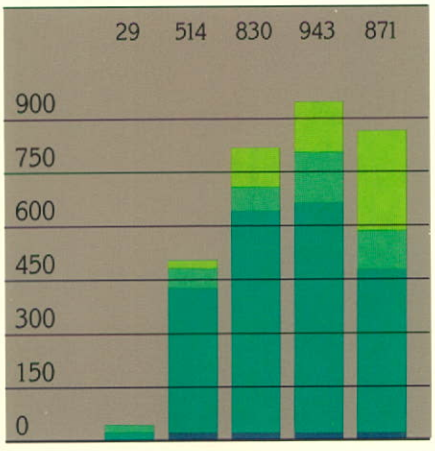
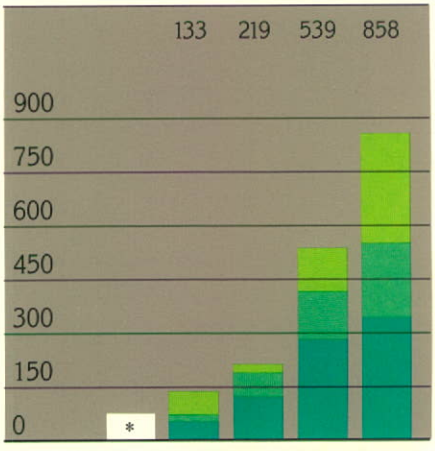


Figure 7
Breakdown of loan portfolio
(in millions of $)



*Credit operations commenced in 1981.

Loans to members and Desjardins Group affiliates

Loans to private corporations

Loans to public organizations

Financial Highlights 1980-1984

As at December 31	1980	1981	1982	1983	**1984**
Total assets	$ 414,226,367	$ 829,402,513	$ 1,074,831,605	$ 1,563,456,596	**$1,774,334,488**
Loans	—	133,170,606	218,955,049	539,149,985	**858,335,079**
Securities	28,901,377	514,247,637	830,258,598	943,347,200	**871,251,939**
Deposits	3,600,000	401,011,474	634,621,601	1,088,078,782	**1,336,571,676**
Capital and reserves	25,000,000	316,420,029	410,372,770	411,559,293	**413,169,430**
Total income	—	24,072,842	141,264,605	115,993,714	**169,806,268**
Income before remuneration of capital stock and other payments to members	—	12,269,508	60,596,958	48,013,577	**49,290,558**
Net income	—	220,029	752,741	1,183,523	**1,610,137**

Financial Statements

Management's Report

Management is responsible for the preparation of the financial statements and related information appearing in this annual report and for ensuring their reliability and accuracy. The statements have been prepared in accordance with generally accepted accounting principles in Canada, and include estimates based on the best judgment of management. Financial information included elsewhere in this annual report is consistent with these financial statements.

The accounting system of the Caisse Centrale and the related internal controls and procedures are designed to ensure the reliability of financial information and, to a reasonable degree, the safeguard of assets against loss or unauthorized use. These procedures include quality standards in hiring and training of employees, an organizational structure with clearly defined lines of responsiblity, written policies and procedures, planning and follow-up of projects, budget controls by allocation centers and divisional performance accountability.

The Inspector General of Financial Institutions annually makes an examination of the affairs of Caisse Centrale for the purpose of satisfying himself that the provisions of the Constituting Act, having reference to the safety of the interests of the depositors, are being duly observed and that the Caisse Centrale is in a sound financial condition.

The Board of Directors has formed an Audit Committee composed solely of non-management directors to review the responsabilities of management with respect to the financial statements and internal controls. The Board of Directors has approved all of the information contained in this annual report.

The external auditors appointed by the general meeting of members, the firms Raymond, Chabot, Martin, Paré et Associés and Touche Ross and Co., have the responsiblity of auditing the financial statements in accordance with generally accepted auditing standards and giving an opinion on them. They have prepared a report thereon, which appears hereinafter. They have met with the Audit Committee to discuss their audit work and other related matters.

Raymond Blais
Chairman of the Board
and Chief Executive Officier

Bruno Riverin
President
and Chief Operating Officer

Auditors' Report

To the Members of
La Caisse centrale Desjardins
du Québec

We have examined the statement of assets and liabilities of La Caisse centrale Desjardins du Québec as at December 31, 1984 and the statements of income, retained earnings and general reserve and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of La Caisse centrale Desjardins du Québec as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Raymond, Chabot, Martin, Paré & Associés
Chartered Accountants

Touche Ross & Co.
Chartered Accountants

Montreal
January 19, 1985

Statement of Assets and Liabilities

As at December 31

		1984	1983
Assets	**Cash Resources**		
	Cash and deposits with Bank of Canada	$ 1,999,016	$ 61,165,998
	Cheques and other items in transit, net	22,338,075	—
		24,337,091	61,165,998
	Securities (note 3)		
	Issued or guaranteed by Canada	282,607,899	134,190,910
	Issued or guaranteed by provinces and municipal or school corporations	126,853,862	153,991,479
	Other securities	461,790,178	655,164,811
		871,251,939	943,347,200
	Loans		
	Day, call and short loans to investment dealers and brokers, secured	—	18,100,000
	Other loans (note 4)	858,335,079	521,049,985
		858,335,079	539,149,985
	Other Assets		
	Fixed assets, less accumulated depreciation	798,147	498,468
	Other assets (note 5)	19,612,232	19,294,945
		20,410,379	19,793,413
		$ 1,774,334,488	$ 1,563,456,596
Liabilities	**Deposits (note 6)**		
	Payable on demand	$ 220,841,739	$ 435,661,589
	Payable on a fixed date	1,115,729,937	652,417,193
		1,336,571,676	1,088,078,782
	Other Liabilities		
	Cheques and other items in transit, net	—	42,204,446
	Other liabilities (note 7)	24,593,382	21,614,075
		24,593,382	63,818,521
Capital and Reserves	**General Reserve**	3,766,430	2,156,293
	Capital Stock (note 8)		
	Issued and fully paid: 409,403 shares	409,403,000	409,403,000
	Retained Earnings (note 9)	—	—
		413,169,430	411,559,293
		$ 1,774,334,488	$ 1,563,456,596

On behalf of the Board,

Raymond Blais
Director

Guy Bernier
Director

Statement of Income

Year Ended December 31

	1984	1983
Interest Income		
Loans	$ 75,642,566	$ 37,998,909
Securities	92,109,750	76,251,446
Total interest income	167,752,316	114,250,355
Interest Expense	112,054,098	63,048,828
Net Interest Income	55,698,218	51,201,527
Provision for loan losses	1,500,000	200,000
Net Interest Income After Provision for Loan Losses	54,198,218	51,001,527
Other income	2,053,952	1,743,359
Total interest and other income	56,252,170	52,744,886
Non-Interest Expenses		
Salaries	3,046,669	2,160,926
Pension and other staff benefits	462,193	350,801
Premises, equipment and furniture, including amortization of deferred charges	1,881,312	1,167,788
Other expenses	1,571,438	1,051,794
Total non-interest expenses	6,961,612	4,731,309
Income Before Remuneration of Capital Stock	49,290,558	48,013,577
Remuneration of capital stock and other payments to members (Note 10)	47,327,021	46,570,054
Income Before Provision for Deferred Income Taxes	1,963,537	1,443,523
Provision for deferred income taxes	353,400	260,000
Net Income	$ 1,610,137	$ 1,183,523

Statement of Retained Earnings and General Reserve

Year Ended December 31

	1984	1983
Retained Earnings		
Balance at beginning of year	$ —	$ —
Net income for the year	1,610,137	1,183,523
Transfer to general reserve	1,610,137	1,183,523
Balance at end of year	$ —	$ —
General Reserve		
Balance at beginning of year	$ 2,156,293	$ 972,770
Transfer from retained earnings	1,610,137	1,183,523
Balance at end of year	$ 3,766,430	$ 2,156,293

Statement of Changes in Financial Position

Year Ended December 31

	1984	1983
Sources of Funds		
Net income	$ 1,610,137	$ 1,183,523
Items not affecting funds:		
Provision for loan losses	1,500,000	200,000
Depreciation expense	138,338	89,464
Amortization of preliminary expenses	345,993	345,993
Amortization of integrated computer system development costs	543,137	133,632
Deferred income taxes	353,400	260,000
Funds provided from operations	4,491,005	2,212,612
Increase in deposits	248,492,894	453,457,181
Decrease in securities	72,095,261	—
Increase in other liabilities	2,625,907	—
Issue of capital stock	—	3,000
Decrease in other assets	—	5,441,677
Total Sources of Funds	327,705,067	461,114,470
Applications of Funds		
Increase in securities	—	113,088,602
Increase in loans	320,685,094	320,394,936
Purchase of fixed assets	438,017	186,221
Increase in other assets	1,206,417	—
Decrease in other liabilities	—	8,483,159
Total Applications of Funds	322,329,528	442,152,918
Cash resources at beginning of year	18,961,552[1]	—
Increase	5,375,539	18,961,552
Cash resources at end of year	$ 24,337,091	$ 18,961,552[1]

[1] Net of cheques and other items in transit, net as at December 31, 1983.

1. Incorporation

La Caisse centrale Desjardins du Québec was established on June 22, 1979, by an Act of the Quebec Legislature (an Act to amend the Act respecting La Confédération des caisses populaires et d'économie Desjardins du Québec (S.Q. 1971 c. 80 – S.Q. 1979 c. 46 and amendments). La Caisse centrale Desjardins du Québec is a cooperative institution that is also governed by the Savings and Credit Unions Act of Quebec. Operations began on October 14, 1981.

2. Significant Accounting Policies and Principles

a) Securities:

Securities other than those of a foreign issuer are shown at amortized cost. Premiums and discounts are amortized over the terms of the related securities under the straight-line basis. Any permanent impairment in the value of securities is charged to income. Gains and losses on the disposal of securities are included in income when incurred.

Amortization of premiums and discounts, gains or losses incurred on the disposal of securities and adjustments in the value of securities are included in "Interest income from securities" in the statement of income.

Investments in securities of a foreign issuer are shown at cost.

b) Loans

Loans are stated at their principal value, net of unamortized discounts and less specific and general provisions for estimated losses, as applicable. Accrued interest on loans is included in "Other assets" in the statement of assets and liabilities.

Interest income is recorded on the accrual basis. Loans are placed on a nonaccrual basis whenever (a) there is doubt regarding the collectibility of principal or interest or (b) when payment of interest is ninety days past due unless management determines that the collectibility of principal and interest is not reasonably in doubt. Upon classification of a loan to a nonaccrual basis any previously accrued but unpaid interest thereon is reversed against income of the current period. In subsequent periods, amount received on nonaccrual loans are recorded as interest income on the date of receipt.

The provision for loan losses for the year is charged to the statement of income. The provision for loan losses is determined as a result of an evaluation of each outstanding loan. La Caisse centrale Desjardins du Québec also provides for a general provision on outstanding loans.

c) Fixed Assets:

Fixed assets are recorded at historical cost and depreciated over their estimated useful lives in accordance with the following methods and annual rates:

Classes of Fixed Assets	Depreciation Methods	Rates
Office furniture and equipment	Diminishing balance	20%
Computer equipment	Diminishing balance	30%
Computer software	Straight-line	20%
Leasehold improvements	Straight-line	4% to 35%

d) Deferred Charges:

The integrated computer system development costs are amortized under the straight-line basis over a ten year period from the beginning of operations of the various applications.

Preliminary expenses represent operating expenses incurred during the period of establishment of La Caisse centrale Desjardins du Québec. They are amortized under the straight-line basis over a five year period beginning October 14, 1981.

e) Foreign Currency Translation:

Foreign exchange positions are hedged as much as practicable by forward exchange contracts. Gains and losses on these exchange positions are included in "Other income" in the statement of income.

f) Income Taxes:

La Caisse centrale Desjardins du Québec provides for income taxes using the tax allocation method. Deferred income taxes arise from claiming preliminary expenses and integrated computer system development costs for tax purposes whereas they are amortized for book purposes over periods of five and ten years respectively. In addition, the tax allowable loan loss provision differs from the amount recorded in the financial statements.

3. Securities

	Maturity				1984		1983	
	Within 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	**Carrying Amount**	**Market Value**	Carrying Amount	Market Value
Securities issued or guaranteed by								
Canada	$265,089,488	$17,518,411	$ —	$ —	**$282,607,899**	**$283,989,491**	$134,190,910	$134,061,434
Provinces, municipal or school corporations in Canada	125,211,330	795,448	847,084	—	**126,853,862**	**127,103,337**	153,991,479	154,094,622
Other Securities								
Securities of Canadian issuers								
Banks*	361,295,500	2,400,798	—	—	**363,696,298**	**364,265,223**	610,543,520	610,762,341
Associated corporation	5,012,647	—	—	—	**5,012,647**	**5,013,120**	5,000,000	5,000,000
Other issuers**	91,646,272	197,625	—	—	**91,843,897**	**91,846,736**	38,383,955	38,833,849
Shares of a Canadian and a foreign issuer***	—	—	—	1,237,336	**1,237,336**	**1,237,336**	1,237,336	1,237,336
Total	$848,255,237	$20,912,282	$847,084	$1,237,336	**$871,251,939**	**$873,455,243**	$943,347,200	$943,989,582

*Includes all deposits with banks.

**Includes deposits with financial institutions allowed to raise deposits for an amount of $42,384,137 (1983 – $15,812,721)

***These securities have no stated maturity and include $200,046 of an associated corporation. (1983 – $200,046)

4. Other Loans

	1984	1983
Public and parapublic institutions	**$ 210,278,860**	$ 146,037,116
Banks	**500,650**	468,350
Members	**172,281,195**	56,150,000
Other associated corporations	**120,418,801**	57,646,301
Other – private sector	**354,855,573**	260,748,218
	$ 858,335,079	$ 521,049,985

5. Other Assets

	1984	1983
Accrued interest	$ 16,607,937	$ 15,730,917
Integrated computer system development costs, less amortization	1,647,744	2,190,881
Preliminary expenses, less amortization	620,619	966,611
Other assets	735,932	406,536
	$ 19,612,232	$ 19,294,945

6. Deposits

	1984	1983
Canada	$ 186,713,312	$ 457,022,372
Provinces	34,010,493	16,426,854
Banks	97,960,696	24,488,907
Members – for clearing purposes	22,955,510	37,620,216
– for other purposes	192,534,439	181,087,773
Other associated corporations	14,571,124	20,864,375
Other deposits	787,826,102	350,568,285
	$1,336,571,676	$1,088,078,782

7. Other Liabilities

	1984	1983
Remuneration of capital stock payable	$ 11,539,258	$ 11,912,450
Accrued interest	10,549,008	8,385,835
Other liabilities	1,651,716	815,790
Deferred income taxes	853,400	500,000
	$ 24,593,382	$ 21,614,075

8. Capital Stock

The capital stock of La Caisse centrale Desjardins du Québec is composed of the shares subscribed for by its members. The value of each share is $1,000 and no share can be issued without having been fully paid for.

La Caisse centrale Desjardins du Québec may redeem the shares held by a member applying therefor. Such a redemption shall be made at par value but must not leave La Caisse centrale Desjardins du Québec with insufficient capital stock to meet its requirements. La Caisse centrale Desjardins du Québec cannot redeem more than 10% of its capital stock during the same financial year. No redemption can be made if it would result in reducing the capital stock to less than $25,000,000.

9. Retained Earnings

The directors of La Caisse centrale Desjardins du Québec have approved the transfer of the full amount of retained earnings as at December 31, 1984 to the general reserve as a provision for contingencies.

10. Remuneration of Capital Stock

The act incorporating La Caisse centrale Desjardins du Québec stipulates that the Board of Directors can declare interest on the capital stock; it then fixes the date of payment. It cannot declare or pay interest on capital stock if this would render La Caisse centrale Desjardins du Québec insolvent or decrease the paid-up capital stock.

11. Commitments and Letter of Guarantee

La Caisse centrale Desjardins du Québec guarantees the payment of the debts of clients. Such amounts, not reflected in the statement of assets and liabilities, are as follows:

	1984	1983
Commitments	$ 7,000,000	$ 10,000,000
Letter of guarantee for a member	—	3 000 000
	$ 7,000,000	$ 13,000,000

12. Other Related Party Transactions

Transactions with members and other associated corporations of the Desjardins Group are concluded on terms similar to those with unrelated parties. Loans to members are fully guaranteed by securities.

	1984	1983
Cheques and other items in transit, debit balance	$ 6,933,033	$ 12,877,751
Other assets	8,280,957	2,173,429
Other liabilities	14,701,614	18,006,996
Interest income	24,649,570	8,204,736
Interest expense	21,935,012	26,348,262
Remuneration of capital stock and other payments to members	47,327,021	46,570,054
Other income	566,800	474,000

13. Long-Term Leases

La Caisse centrale Desjardins du Québec is committed under long-term leases expiring up to April 30, 2005 to pay total basic rent of $2,329,273 for office space. The annual rental payments for the next five years are as follows:
1985 – $315,328; 1986 – $190,951 1987 – $103,312;
1988 – $100,192; 1989 – $ 99,152.

14. Pension Plan

La Caisse centrale Desjardins du Québec has an employee pension plan with which all employees are registered automatically at age 25 on a contributory basis.

An actuarial valuation of the pension plan is performed at least every three years. As at January 1, 1984, the date of the latest valuation, the pension plan was fully funded.

The total pension expense, arising from employer contributions, aggregated $240,923 for the year ended December 31, 1984 (1983 – $170,541).

15. Contingency

In 1981, La Caisse centrale Desjardins du Québec acquired 1.5% of the capital stock of a foreign bank. At the time of this acquisition, La Caisse centrale Desjardins du Québec agreed by way of a support leter to assume, in proportion to its equity, certain obligations in accordance with the Bank of England's requirements for foreign-owned banks in Great Britain.

16. Segmented Information

La Caisse centrale Desjardins du Québec has a dominant industry segment consisting of deriving income from interest on loans and securities and other related activities in Canada.

17. Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

Board of Directors

Chairman of the Board

Raymond Blais (1986)

President, La Confédération des caisses populaires et d'économie Desjardins du Québec

Vice Chairman of the Board

Guy Bernier (1985)

President, Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec

Claude Béland (1986)

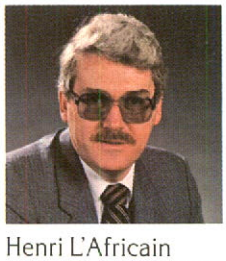
Senior Vice-President and General Manager, Fédération des caisses d'économie Desjardins du Québec

Raymond Comtois (1987)

Senior Vice-President and General Manager, Fédération des caisses populaires Desjardins de l'Estrie

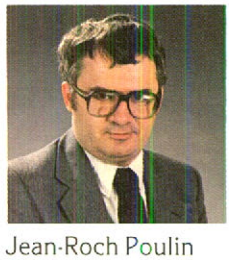
Denis Frenière (1987)

President and General Manager, Fédération des caisses populaires Desjardins de Richelieu-Yamaska



Henri L'Africain (1986)

Senior Vice-President and General Manager, Fédération des caisses populaires Desjardins de la Péninsule et des Îles



Jean-Roch Poulin (1987)

General Manager, Fédération des caisses populaires Desjardins de l'Abitibi

Secretary of the Board
Jean-Marie Ouellet
(1985)
President, Fédération des caisses populaires Desjardins de Québec

Jean-Eudes Bergeron (1986)
Senior Vice-President and General Manager, Fédération des caisses populaires Desjardins du Saguenay-Lac Saint-Jean

Jacques Bertrand
(1985)
Senior Vice-President and General Manager, Fédération des caisses populaires Desjardins de Québec

Paul-R. Charbonneau
(1986)
General Manager, Fédération des caisses populaires Desjardins de Lanaudière

A. Hervé Hébert
(1985)
President, Quebec Trust

Wesley Hogg (1987)
Senior Vice-President and General Manager, Fédération des caisses populaires Desjardins du Bas Saint-Laurent

François Richard
(1987)
Senior Vice-President and General Manager, Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec

Henri-Paul Trudel
(1985)
President, Fédération des caisses populaires Desjardins du centre du Québec

Associate Director
René Croteau
Assistant to the President, Affiliate Relations, La Confédération des caisses populaires et d'économie Desjardins du Québec.

Committees of the board of directors

An executive committee and an audit committee assist the Board of Directors in discharging its responsibilities.

The **Executive Committee** may act on behalf of the Board, except for matters reserved to the Board under the constituting act and major corporate matters such as general policies, planning and budget. It authorizes loans and reviews various operational matters. During 1984, the Executive Committee held twenty meetings. All actions taken by the Committee must be reported at the Board's next meeting. The members of the Executive Committee are:

Messrs Raymond Blais, Chairman, Claude Béland, Guy Bernier, Jacques Bertrand and Denis Frenière.

The **Audit Committee** assists the Board in discharging its responsibilities concerning the financial information released by the Caisse Centrale, the results of the audit of the external auditors, and compliance with legal and regulatory requirements. The Committee reports its findings and conclusions to the Board. Four meetings were held in 1984. The members of the Audit Committee are:

Messrs François Richard, Chairman, Paul-R. Charbonneau and Raymond Comtois.

Members

Fédération des caisses d'économie Desjardins du Québec

Fédération des caisses populaires Desjardins de l'Abitibi

Fédération des caisses populaires Desjardins du Bas St-Laurent

Fédération des caisses populaires Desjardins du centre du Québec

Fédération des caisses populaires Desjardins de l'Estrie

Fédération des caisses populaires Desjardins de Lanaudière

Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec

Fédération des caisses populaires Desjardins de la Péninsule et des Îles

Fédération des caisses populaires Desjardins de Québec

Fédération des caisses populaires Desjardins de Richelieu-Yamaska

Fédération des caisses populaires Desjardins du Saguenay Lac St-Jean

Desjardins Mutual Life Assurance Company

Le Groupe Desjardins, Assurances générales

Quebec Trust

The Safeguard Life Assurance Company

Fédération des caisses populaires acadiennes*

Fédération des caisses populaires du Manitoba*

Fédération des caisses populaires de l'Ontario*

*associated member

Corporations and Institutions affiliated with the Desjardins Group

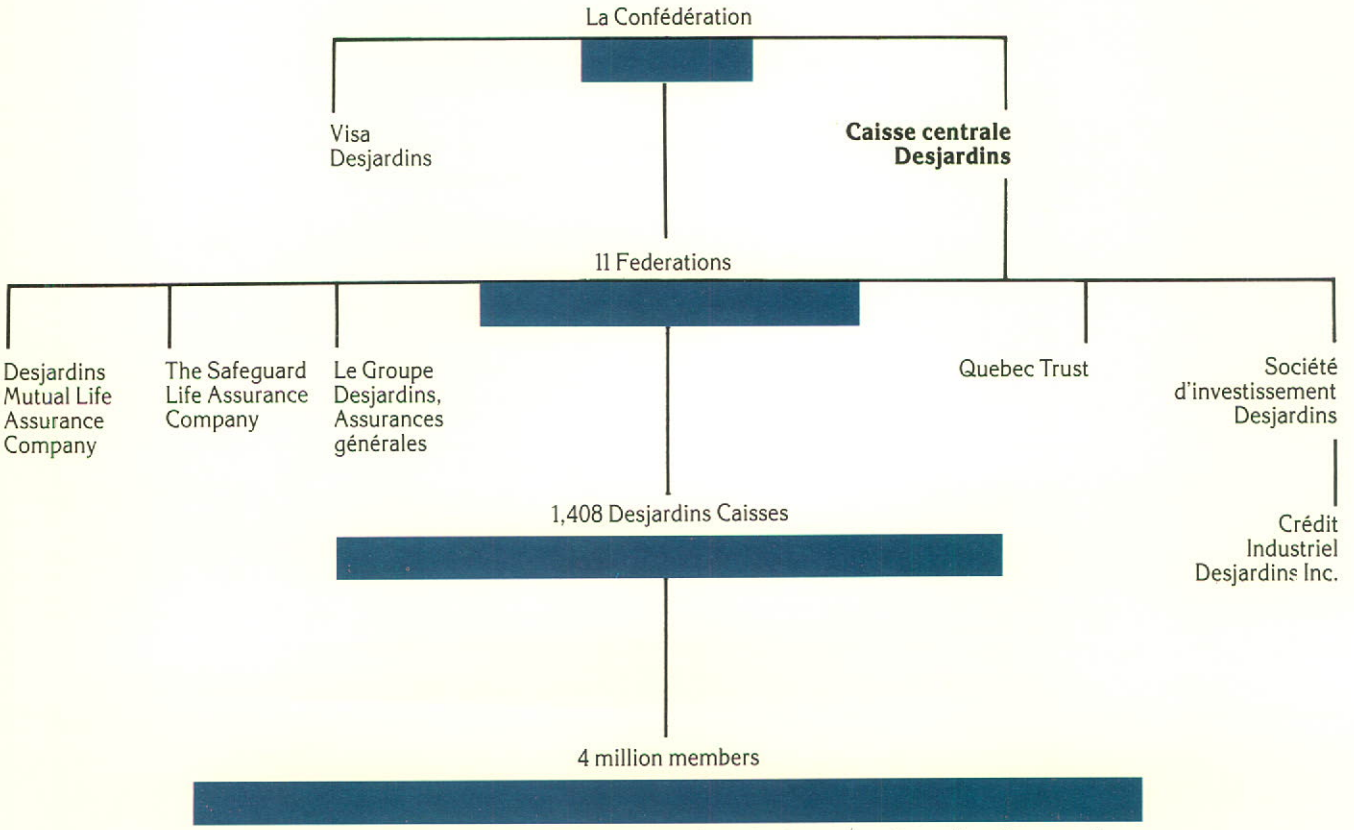
	Nature of business
Centre Desjardins de traitement de cartes Inc.	VISA credit card and travelers cheques
Crédit Industriel Desjardins Inc.	term loans and leasing to small and medium size businesses
Desjardins Mutual Life Assurance Company*	life insurance
Le Groupe Desjardins, Assurances générales	general insurance
Quebec Trust	trust company
Société d'investissement Desjardins	holding company
The Safeguard Life Assurance Company	life insurance

*The Desjardins Mutual Life Assurance Company is owned by the members of the Desjardins Caisses. The Federations have subscribed to the entire reserve fund of the Desjardins Mutual Life Assurance Company.

Other affiliates of the Desjardins Group are: Corporation de fonds de sécurité de la Confédération Desjardins, Corporation Desjardins de traitement informatique, La Fondation Girardin-Vaillancourt, L'Institut Coopératif Desjardins, La Société d'habitation Alphonse Desjardins, Sécurité Desjardins Ltée et Société de développement international Desjardins.

The Desjardins Group is also, directly or indirectly, a majority shareholder of Culinar Inc., Place Desjardins Inc. and Sico Inc.

Composition of the Desjardins Group*



*See the section "Corporations and Institutions affiliated with the Desjardins Group" on the preceding page.

Growth of the caisses, the Federations and the Caisse Centrale

Combined Position

(in millions of dollars)

As at December 31	1980	1981	1982	1983	**1984**
Total assets	$ 11,543	$ 13,264	$ 15,772	$ 17,658	**$ 19,877**
Deposits	10,273	11,941	14,306	16,179	**18,204**
Loans	8,569	9,405	10,780	13,266	**15,546**
Securities	2,072	2,823	3,909	3,199	**3,176**
Caisse Membership (in thousands)*	4,285	4,500	4,800	4,950	**5,250**
Number of service outlets	1,639	1,673	1,735	1,743	**1,769**

*A person may be a member of more than one Caisse; it is estimated that the actual number of persons with at least one Caisse membership is about 4 million.

Source: La Confédération des caisses populaires et d'économie Desjardins du Québec

Officers

Executive Officers

Raymond Blais
Chairman of the Board and Chief Executive Officer

Bruno Riverin
President and Chief Operating Officer

André Couture
Senior Vice-President Legal and Public Affairs

Jean Laflamme
Senior Vice-President Finance and Systems

Michel Thérien
Senior Vice-President Planning, Development and Administration

Finance and Systems

Jean Laflamme
Senior Vice-President

Corporate Financing

Fernand Lafleur
Vice-President

Jean Longpré
Assistant Vice-President

Guy Choinière
Manager

Robert Filion
Manager

Treasury and Investment

Daniel Leclair
Vice-President

Alfred Pfeiffer
Assistant Manager, Treasury and Chief Trader

J.-Michel Lanouette
Manager, Investment

Financial Service

Mario Lavoie
Manager

Systems

Jean Joly
Assistant Manager

Operations

Jean-Guy Langelier
Vice-President

Nguyen Huu Trung
Manager

Paul Charron
Assistant Manager, Financial Operations

Maurice Guay
Assistant Manager, International Operations

Gaétan Leduc
Assistant Manager, Commercial Operations

Planning, Development and Administration

Michel Thérien
Senior Vice-President

Internal Control and Administration

Raymond Laurin
Vice-President

René Gouin
Assistant Manager, Control

Personnel

Jean-François Couture
Manager

General information

Head Office

100, avenue des Commandeurs
Lévis, Quebec G6V 7N5

Executive Office

1, Complexe Desjardins
South Tower – Suite 2822
Montreal, Quebec H5B 1B3
Telephone: (514) 281-7070
Telex: 055-61688

Auditors

Raymond, Chabot, Martin, Paré
& Associés
Montreal, Quebec

Touche Ross & Co.
Montreal, Quebec

Registrar

Quebec Trust
Montreal, Quebec

Issuing and Paying Agents, Transfer Agents

Quebec Trust
Montreal and Quebec City

The Royal Bank of Canada: Vancouver, Calgary, Edmonton, Winnipeg, Toronto and Halifax

Securities Brokers

Merrill Lynch Canada Incorporated
Wood Gundy Ltd.
Burns Fry Ltd.
Dominion Securities Pitfield Ltd.
Lévesque, Beaubien Inc.
McLeod Young Weir Ltd.

Prospectus

A copy of the Canadian Prospectus of the Caisse Centrale may be obtained through the Caisse Centrale or its brokers.

Corporate video tape

A videocassette containing a profile of the Caisse Centrale is available upon request: (514) 281-2399

The Caisse Centrale Desjardins is a direct clearing member of the Canadian Payments Association.

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